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HOUSE BILL 851

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Luciano "Lucky" Varela

AN ACT

RELATING TO EDUCATION; CHANGING PAYBACK PROVISIONS FOR SOME
STUDENT LOANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 21-21I-1 NMSA 1978 (being Laws 1990
(1st S.S.), Chapter 8, Section 1, as amended) is amended to
read:

"21-21I-1. SHORT TITLE. -- Chapter 21, Article 21I NMSA
1978 may be cited as the "Minority Doctoral Assistance [~~Loan~~
~~for~~] Service Program Act". "

Section 2. Section 21-21I-2 NMSA 1978 (being Laws 1990
(1st S.S.), Chapter 8, Section 2, as amended) is amended to
read:

"21-21I-2. PURPOSE. -- The purpose of the Minority Doctoral
Assistance [~~Loan-for~~] Service Program Act is to increase the

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1 number of ethnic minorities and women available to teach
2 engineering, physical or life sciences, mathematics and other
3 academic disciplines in which ethnic minorities and women are
4 demonstrably underrepresented in New Mexico colleges and
5 universities. Additionally, the purpose of the Minority
6 Doctoral Assistance [~~Loan-for~~] Service Program Act is to create
7 a partnership [~~between~~] among the state, higher education
8 institutions and students that will lead to greater
9 participation of ethnic minorities and women in the ranks of
10 college and university faculties, enhancing educational
11 opportunities and quality for all New Mexico citizens. "

12 Section 3. Section 21-21I-3 NMSA 1978 (being Laws 1990
13 (1st S.S.), Chapter 8, Section 3, as amended) is amended to
14 read:

15 "21-21I-3. DEFINITIONS.--As used in the Minority Doctoral
16 Assistance [~~Loan-for~~] Service Program Act:

17 A. "academic committee" means a committee at a
18 sponsoring institution appointed by the president of the
19 institution and composed of two faculty members, two academic
20 administrators and one central administrator;

21 B. "commission" means the commission on higher
22 education;

23 C. "eligible institution" means a commission-
24 approved institution of higher education that offers a doctoral
25 degree-granting program in the fields of engineering, physical

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1 or life sciences, mathematics or other academic disciplines in
2 which ethnic minorities and women are demonstrably
3 underrepresented;

4 D. "sponsoring institution" means a four-year
5 public post-secondary institution located in New Mexico; and

6 E. "student" means an individual who is an ethnic
7 minority or a woman and who has been accepted for enrollment at
8 an eligible institution to undertake a post-baccalaureate
9 course of instruction in the field of engineering, physical or
10 life sciences or mathematics. "

11 Section 4. Section 21-21I-5 NMSA 1978 (being Laws 1990
12 (1st S.S.), Chapter 8, Section 5) is amended to read:

13 "21-21I-5. MINORITY DOCTORAL ASSISTANCE CONTRACTS AND
14 TERMS. --

15 A. A minority doctoral assistance grant shall be
16 evidenced by a contract between the student and the sponsoring
17 institution.

18 B. The contract shall:

19 (1) provide for the payment to the student by
20 the sponsoring institution of no more than twenty-five thousand
21 dollars (\$25,000) per year for no more than four years;

22 (2) be conditioned upon the student's earning
23 a doctoral degree in the field of engineering, physical or life
24 sciences, mathematics or any other academic discipline in which
25 ethnic minorities and women are demonstrably underrepresented;

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1 (3) require the student to agree to begin to
2 teach in a faculty position at the sponsoring institution
3 within five years of completion of the doctoral degree; and

4 (4) require the student to teach in a faculty
5 position at the sponsoring institution for a minimum of one
6 year for each year a minority doctoral assistance grant was
7 awarded.

8 C. Grants to students who fail to complete the
9 terms of their contract shall be considered loans with an
10 applied annual interest rate [~~equal to the treasury note rate~~
11 ~~in existence at the time the contract is entered into plus two~~]
12 of seven percent. The loan shall become due in equal parts to
13 the state and the sponsoring institution immediately upon the
14 student's termination of the contractual agreement.

15 D. The general form of the contract shall be
16 approved by the attorney general and signed by the student and
17 an authorized representative of the sponsoring institution.
18 The sponsoring institution is vested with full and complete
19 authority and power to sue in its own name for any balance due
20 it and the state from any student violating the terms of any
21 such contract.

22 E. The commission shall approve all minority
23 doctoral assistance contracts entered into between students and
24 sponsoring institutions. "

25 Section 5. Section 21-21I-7 NMSA 1978 (being Laws 1990

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1 (1st S.S.), Chapter 8, Section 7, as amended) is amended to
2 read:

3 "21-21I-7. RULES AND REGULATIONS. -- The commission may
4 adopt such rules, regulations and procedures as necessary or
5 appropriate to implement the provisions of the Minority
6 Doctoral Assistance [~~Loan-for~~] Service Program Act. A
7 financial aid officer may exercise professional judgment when
8 special circumstances exist to adjust the cost of attendance or
9 the expected family contribution or to modify other factors
10 that make this program responsive to a student's special
11 financial circumstances and for which documentation exists in
12 the student's file within the parameters authorized for this
13 program. "

14 Section 6. Section 21-22-1 NMSA 1978 (being Laws 1975,
15 Chapter 244, Section 1, as amended) is amended to read:

16 "21-22-1. SHORT TITLE. -- Chapter 21, Article 22 NMSA 1978
17 may be cited as the "Medical Student [~~Loan-for~~] Service Program
18 Act". "

19 Section 7. Section 21-22-2 NMSA 1978 (being Laws 1975,
20 Chapter 244, Section 2, as amended) is amended to read:

21 "21-22-2. PURPOSE-- COMMITTEE. -- The purpose of the Medical
22 Student [~~Loan-for~~] Service Program Act is to meet the emergency
23 currently existing resulting from the shortage of medical
24 doctors and physician assistants in the less populated areas of
25 the state by increasing the number of practitioners in rural

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1 areas through a program of loans for medical and physician
2 assistant students. The program shall require as a condition
3 of each loan that the student declare his intent that after
4 licensure he will commence his practice of medicine within one
5 of the areas of the state designated by the health profession
6 advisory committee. "

7 Section 8. Section 21-22-3 NMSA 1978 (being Laws 1975,
8 Chapter 244, Section 3, as amended) is amended to read:

9 "21-22-3. DEFINITIONS. -- As used in the Medical Student
10 [~~Loan-for~~] Service Program Act:

11 A. "commission" means the commission on higher
12 education;

13 B. "loan" means a grant of funds to defray the
14 costs incidental to a medical education, under a contract
15 between the commission and a medical student, requiring either
16 repayment with interest or repayment in services; and

17 C. "student" means a resident of New Mexico who is
18 a student enrolled in a school of medicine. "

19 Section 9. Section 21-22-6 NMSA 1978 (being Laws 1975,
20 Chapter 244, Section 6, as amended) is amended to read:

21 "21-22-6. MEDICAL STUDENT LOANS--CONTRACT TERMS--
22 REPAYMENT. --

23 A. Each applicant who is approved for a loan by the
24 commission may be granted a loan, in such amounts and for such
25 periods as determined by the commission, with which to defray

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[bracketed material] = delete

1 expenses incurred in obtaining a medical education at any
2 reputable and accredited medical school in the United States if
3 the applicant files with the commission a declaration of his
4 intent to practice his profession as a licensed physician or
5 physician assistant in areas of New Mexico designated as not
6 being adequately served by medical practitioners.

7 B. The loans shall not exceed the necessary
8 expenses incurred while attending a medical school or college
9 and shall bear interest at the rate of

10 [~~(1) eighteen percent per year if the student~~
11 ~~completes his medical education and no portion of the principal~~
12 ~~and interest is forgiven pursuant to Subsection E of this~~
13 ~~section; and~~

14 ~~(2)] seven percent per year [in all other~~
15 ~~eases].~~

16 C. The loan shall be evidenced by a contract
17 between the student and the commission acting on behalf of the
18 state. The contract shall provide for the payment by the state
19 of a stated sum covering the costs of a medical education and
20 shall be conditioned upon the repayment of the loan to the
21 state, together with interest, over a period established by the
22 commission in consultation with the student after completion of
23 medical school and any period of internship or residency
24 required to complete the student's education. [~~The contract~~
25 ~~shall further provide that immediately upon completion or~~

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1 ~~termination of the student's medical education, all interest~~
2 ~~then accrued shall be capitalized.]~~

3 D. Loans made to students who fail to complete
4 their medical education shall become due, together with
5 interest, immediately upon termination of their medical
6 education. The commission, in consultation with the student,
7 shall establish terms of repayment, alternate service or
8 cancellation terms. The contract shall further provide that
9 immediately upon termination of the student's medical
10 education, the loan shall bear interest at a rate of seven
11 percent per year and shall be capitalized.

12 E. The contract shall provide that the commission
13 shall forgive a portion of the loan [~~principal and interest~~]
14 for each year that a loan recipient practices his profession as
15 a licensed physician or physician assistant in areas approved
16 by the health profession advisory committee as not being
17 adequately served by medical practitioners. [~~Loan principal~~
18 ~~and interest~~] Loans shall be forgiven as follows:

19 (1) loan terms of one year shall require one
20 year of practice in a designated health professional shortage
21 area. Upon completion of service, one hundred percent of the
22 [~~principal plus accrued interest~~] loan shall be forgiven;

23 (2) loan terms of two years shall require one
24 year of practice in a designated health professional shortage
25 area for each year of the loan. Upon completion of the first

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1 year of service, fifty percent of the [~~principal plus accrued~~
2 ~~interest~~] loan shall be forgiven. Upon completion of the
3 second year of service, the remainder of the [~~principal plus~~
4 ~~accrued interest~~] loan shall be forgiven; and

5 (3) for loan terms of three years or more,
6 forty percent of the [~~principal plus accrued interest~~] loan
7 shall be forgiven upon completion of the first year of service
8 in a designated health professional shortage area, thirty
9 percent of the [~~principal plus accrued interest~~] loan shall be
10 forgiven upon completion of the second year of service and the
11 remainder of the [~~principal plus accrued interest~~] loan shall
12 be forgiven upon completion of the third year of service.

13 F. Recipients shall serve a complete year in order
14 to receive credit for that year. The minimum credit for a year
15 shall be established by the commission.

16 G. If a loan recipient completes his professional
17 education and does not serve in a health professional shortage
18 area, the commission shall assess a penalty of up to [~~three~~]
19 two times the principal due, plus [~~eighteen~~] seven percent
20 interest, unless the commission finds acceptable extenuating
21 circumstances for why the student cannot serve. If the
22 commission does not find acceptable extenuating circumstances
23 for the student's failure to carry out his declared intent to
24 serve in a health professional shortage area in the state, the
25 commission shall require immediate repayment of the unpaid

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1 principal amount of the loan plus accrued interest owed the
2 state plus the amount of any penalty assessed pursuant to this
3 subsection. The contract shall further provide that upon
4 failure to provide service, interest shall be accrued from the
5 date of the loan disbursement and shall be capitalized.

6 H. The commission shall adopt regulations to
7 implement the provisions of this section. The regulations may
8 provide for the repayment of medical student loans in annual or
9 other periodic installments. "

10 Section 10. Section 21-22-8 NMSA 1978 (being Laws 1975,
11 Chapter 244, Section 8, as amended) is amended to read:

12 "21-22-8. FUND CREATED--METHOD OF PAYMENT.--

13 A. There is created in the state treasury the
14 "medical student [~~loan for service~~] assistance program fund".
15 All money appropriated for loans to medical students under the
16 Medical Student [~~Loan for~~] Service Program Act shall be
17 credited to the fund. All payments of principal and interest
18 on loans made pursuant to that act received by the commission
19 shall be deposited with the state treasurer to the credit of
20 the fund. All payments of funds for loans shall be made upon
21 vouchers signed by the designated representatives of the
22 commi ssi on.

23 B. The medical student assistance program fund is a
24 new name for the medical student loan for service fund and is
25 not a new fund created by this 2003 act. The purposes and

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1 balances of the medical student loan for service fund as they
2 existed before July 1, 2003 remain the purposes and balances of
3 the medical student assistance program fund."

4 Section 11. Section 21-22-10 NMSA 1978 (being Laws 1975,
5 Chapter 244, Section 10, as amended) is amended to read:

6 "21-22-10. REPORTS. --The commission shall make annual
7 reports to the governor and to the legislature, prior to each
8 regular session, of its activities, the loans granted, the
9 names and addresses of persons to whom loans were granted and
10 the medical schools or colleges attended by those receiving the
11 loans, together with a list of the names and locations of
12 practice of those students who have completed their education
13 and have become licensed physicians or physician assistants in
14 New Mexico as a result of a student loan pursuant to the
15 Medical Student [~~Loan for~~] Service Program Act. "

16 Section 12. Section 21-22A-1 NMSA 1978 (being Laws 1978,
17 Chapter 109, Section 1, as amended) is amended to read:

18 "21-22A-1. SHORT TITLE. --Chapter 21, Article 22A NMSA
19 1978 may be cited as the "Osteopathic Medical Student [~~Loan~~
20 ~~for~~] Service Program Act". "

21 Section 13. Section 21-22A-2 NMSA 1978 (being Laws 1978,
22 Chapter 109, Section 2, as amended) is amended to read:

23 "21-22A-2. PURPOSE--COMMITTEE. --The purpose of the
24 Osteopathic Medical Student [~~Loan for~~] Service Program Act is
25 to meet the emergency currently existing resulting from the

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1 shortage of osteopathic medical doctors and osteopathic
2 physician's assistants in the less populated areas of the state
3 by increasing the number of practitioners in rural areas
4 through a program of loans for osteopathic medical students.
5 The program shall require as a condition of each loan that the
6 student declare his intent that after licensure he will
7 commence his practice as an osteopathic physician or
8 osteopathic physician's assistant within one of the areas of
9 the state designated by the health profession advisory
10 committee. "

11 Section 14. Section 21-22A-3 NMSA 1978 (being Laws 1978,
12 Chapter 109, Section 3, as amended) is amended to read:

13 "21-22A-3. DEFINITIONS.--As used in the Osteopathic
14 Medical Student [~~Loan for~~] Service Program Act:

15 A. "commission" means the commission on higher
16 education;

17 B. "loan" means a grant of funds to defray the
18 costs incidental to an osteopathic medical education, under a
19 contract between the commission and an osteopathic medical
20 student, requiring either repayment with interest or repayment
21 in services;

22 C. "osteopathic medical education" means the
23 education required to be an osteopathic physician or
24 osteopathic physician's assistant; and

25 D. "student" means a resident of New Mexico who is

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1 a student enrolled in a school of osteopathic medicine or an
2 osteopathic physician's assistant program."

3 Section 15. Section 21-22A-6 NMSA 1978 (being Laws 1978,
4 Chapter 109, Section 6, as amended) is amended to read:

5 "21-22A-6. OSTEOPATHIC MEDICAL STUDENT LOANS-- CONTRACT
6 TERMS-- REPAYMENT. --

7 A. Each applicant who is approved for a loan by the
8 commission may be granted a loan, in such amounts and for such
9 periods as determined by the commission, with which to defray
10 expenses incurred in obtaining an osteopathic medical education
11 at any reputable and accredited osteopathic medical school in
12 the United States if the applicant files with the commission a
13 declaration of his intent to practice his profession as a
14 licensed osteopathic physician or osteopathic physician's
15 assistant in areas of New Mexico designated as not being
16 adequately served by osteopathic medical practitioners.

17 B. The loan shall not exceed the necessary expenses
18 incurred while attending an osteopathic medical school or
19 college or osteopathic physician's assistant program and shall
20 bear interest at the rate of

21 [~~(1) eighteen percent per year if the student~~
22 ~~completes his osteopathic medical education and no portion of~~
23 ~~the principal and interest is forgiven pursuant to Subsection E~~
24 ~~of this section; and~~

25 ~~(2)] seven percent per year [in all other~~

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1 eases].

2 C. The loan shall be evidenced by a contract
3 between the student and the commission acting on behalf of the
4 state. The contract shall provide for the payment by the state
5 of a stated sum covering the costs of an osteopathic medical
6 education and shall be conditioned upon the repayment of the
7 loan to the state, together with interest, over a period
8 established by the commission in consultation with the student
9 after the completion of osteopathic medical school or an
10 osteopathic physician's assistant program and any period of
11 internship or residency required to complete the student's
12 education. [~~The contract shall further provide that~~
13 ~~immediately upon completion or termination of the student's~~
14 ~~osteopathic medical education, all interest then accrued shall~~
15 ~~be capitalized.~~]

16 D. Loans made to students who fail to complete
17 their osteopathic medical education shall become due, together
18 with interest, immediately upon termination of their
19 osteopathic medical education. The commission, in consultation
20 with the student, shall establish terms of repayment, alternate
21 service or cancellation terms. The contract shall further
22 provide that immediately upon termination of the student's
23 osteopathic medical education, the loan shall bear interest at
24 a rate of seven percent per year and shall be capitalized.

25 E. The contract shall provide that the commission

. 144581. 1

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1 shall forgive a portion of the loan [~~principal and interest~~]
2 for each year that a loan recipient practices his profession as
3 a licensed osteopathic physician or osteopathic physician's
4 assistant in areas approved by the health profession advisory
5 committee as not being adequately served by osteopathic medical
6 practitioners. [~~Loan principal and interest~~] Loans shall be
7 forgiven as follows:

8 (1) loan terms of one year shall require one
9 year of practice in a designated health professional shortage
10 area. Upon completion of service, one hundred percent of the
11 [~~principal plus accrued interest~~] loan shall be forgiven;

12 (2) loan terms of two years shall require one
13 year of practice in a designated health professional shortage
14 area for each year of the loan. Upon completion of the first
15 year of service, fifty percent of the [~~principal plus accrued~~
16 ~~interest~~] loan shall be forgiven. Upon completion of the
17 second year of service, the remainder of the [~~principal plus~~
18 ~~accrued interest~~] loan shall be forgiven; and

19 (3) for loan terms of three years or more,
20 forty percent of the [~~principal plus accrued interest~~] loan
21 shall be forgiven upon completion of the first year of service
22 in a designated health professional shortage area, thirty
23 percent of the [~~principal plus accrued interest~~] loan shall be
24 forgiven upon completion of the second year of service and the
25 remainder of the [~~principal plus accrued interest~~] loan shall

. 144581. 1

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1 be forgiven upon completion of the third year of service.

2 F. Recipients shall serve a complete year in order
3 to receive credit for that year. The minimum credit for a year
4 shall be established by the commission.

5 G. If a loan recipient completes his professional
6 education and does not serve in a health professional shortage
7 area, the commission shall assess a penalty of up to [~~three~~]
8 two times the principal due, plus [~~eighteen~~] seven percent
9 interest, unless the commission finds acceptable extenuating
10 circumstances for why the student cannot serve. If the
11 commission does not find acceptable extenuating circumstances
12 for the student's failure to carry out his declared intent to
13 serve in a health professional shortage area in the state, the
14 commission shall require immediate repayment of the unpaid
15 principal amount of the loan plus accrued interest owed the
16 state plus the amount of any penalty assessed pursuant to this
17 section. The contract shall further provide that upon failure
18 to provide service, interest shall be accrued from the date of
19 the loan disbursement and shall be capitalized.

20 H. The commission shall adopt regulations to
21 implement the provisions of this section. The regulations may
22 provide for the repayment of osteopathic medical student loans
23 in annual or other periodic installments. "

24 Section 16. Section 21-22A-8 NMSA 1978 (being Laws 1978,
25 Chapter 109, Section 8, as amended) is amended to read:

. 144581. 1

1 "21-22A-8. FUND CREATED--METHOD OF PAYMENT.--

2 A. There is created in the state treasury the
3 "osteopathic medical student [~~loan for service~~] assistance
4 program fund". All money appropriated for loans to osteopathic
5 medical students under the Osteopathic Medical Student [~~loan~~
6 ~~for~~] Service Program Act shall be credited to the fund. All
7 payments of principal and interest on loans made pursuant to
8 that act received by the commission shall be deposited with the
9 state treasurer to the credit of the fund or shall be deposited
10 with the commission's administrative agent. All payments of
11 funds for loans shall be made upon vouchers signed by
12 designated representatives of the commission.

13 B. The osteopathic medical student assistance
14 program fund is a new name for the osteopathic medical student
15 loan for service fund and is not a new fund created by this
16 2003 act. The purposes and balances of the osteopathic medical
17 student loan for service fund as they existed before July 1,
18 2003 remain the purposes and balances of the osteopathic
19 medical student assistance program fund."

20 Section 17. Section 21-22A-10 NMSA 1978 (being Laws 1978,
21 Chapter 109, Section 10, as amended) is amended to read:

22 "21-22A-10. REPORTS.--The commission shall make annual
23 reports to the governor and to the legislature, prior to each
24 regular session, of its activities, the loans granted and the
25 names and addresses of persons to whom loans were granted and

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1 the osteopathic medical schools or colleges or osteopathic
2 physician's assistant programs attended by those receiving the
3 loans, together with a list of the names and locations of
4 practice of those students who have completed their education
5 and have become licensed osteopathic physicians or osteopathic
6 physician's assistants in New Mexico as a result of a student
7 loan pursuant to the Osteopathic Medical Student [~~Loan for~~]
8 Service Program Act. "

9 Section 18. Section 21-22B-1 NMSA 1978 (being Laws 1987,
10 Chapter 299, Section 1, as amended) is amended to read:

11 "21-22B-1. SHORT TITLE. --Chapter 21, Article 22B NMSA
12 1978 may be cited as the "Nursing Student [~~Loan for~~] Service
13 Program Act". "

14 Section 19. Section 21-22B-2 NMSA 1978 (being Laws 1987,
15 Chapter 299, Section 2, as amended) is amended to read:

16 "21-22B-2. PURPOSE. --The purpose of the Nursing Student
17 [~~Loan for~~] Service Program Act is to meet the emergency
18 currently existing resulting from the shortage of nurses in the
19 underserved areas of the state by increasing the number of
20 practitioners in rural areas through a program of loans for
21 nursing students. The program will require as a condition of
22 each loan that the student declare intent prior to the granting
23 of the loan that the nurse will practice nursing within one of
24 the areas of the state designated as an underserved area by the
25 health profession advisory committee. "

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1 Section 20. Section 21-22B-3 NMSA 1978 (being Laws 1987,
2 Chapter 299, Section 3, as amended) is amended to read:

3 "21-22B-3. DEFINITIONS. -- As used in the Nursing Student
4 [~~Loan for~~] Service Program Act:

5 A. "commission" means the commission on higher
6 education;

7 B. "loan" means a grant of funds to defray the
8 costs incidental to a nursing education, under a contract
9 between the commission and a nursing student, requiring
10 repayment with services or repayment with interest;

11 C. "student" means a resident of New Mexico who is
12 a student enrolled in a program of nursing; and

13 D. "program of nursing" means a nursing education
14 program in a New Mexico institution accredited by a member of
15 the council on post-secondary accreditation or a nursing
16 education program approved by the [~~New Mexico~~] board of
17 nursing. "

18 Section 21. Section 21-22B-6 NMSA 1978 (being Laws 1987,
19 Chapter 299, Section 6, as amended) is amended to read:

20 "21-22B-6. NURSING STUDENT LOANS-- CONTRACT TERMS--
21 REPAYMENT. --

22 A. Each applicant who is approved for a loan by the
23 commission may be granted a loan, in such amounts for such
24 periods as determined by the commission, with which to defray
25 expenses incurred in obtaining a nursing education; provided

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1 that the applicant files with the commission a declaration of
2 intent to practice as a licensed nurse in areas of New Mexico
3 designated as underserved.

4 B. The loans shall not exceed the necessary
5 expenses incurred while attending a program of nursing and
6 shall bear interest at the rate of

7 ~~[(1) eighteen percent per year if the student~~
8 ~~completes his nursing education and no portion of the principal~~
9 ~~and interest is forgiven pursuant to Subsection E of this~~
10 ~~section; and~~

11 ~~(2)] seven percent per year [in all other~~
12 ~~eases].~~

13 C. The loan shall be evidenced by a contract
14 between the student and the commission acting on behalf of the
15 state. The contract shall provide for the payment by the state
16 of a stated sum covering the costs of a nursing education and
17 shall be conditioned upon the repayment of the loan to the
18 state, together with interest, over a period negotiated between
19 the student and the commission after completion of a nursing
20 program. ~~[The contract shall further provide that immediately~~
21 ~~upon completion or termination of the student's nursing~~
22 ~~education, all interest then accrued shall be capitalized.]~~

23 D. Loans made to students who fail to complete
24 their nursing education shall become due, together with
25 interest, immediately upon termination of nursing education.

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1 The commission, in consultation with the student, shall
2 establish terms of repayment, alternate service or cancellation
3 terms with the commission. The contract shall further provide
4 that immediately upon termination of the student's nursing
5 education, the loan shall bear interest at a rate of seven
6 percent per year and shall be capitalized.

7 E. The contract shall provide that the commission
8 may forgive a portion of the loan [~~principal and interest~~] for
9 each year that a loan recipient practices nursing in areas
10 approved by the health profession advisory committee. [~~Loan~~
11 ~~principal and interest~~] Loans shall be forgiven as follows:

12 (1) loan terms of one year shall require one
13 year of practice in a designated health professional shortage
14 area. Upon completion of service, one hundred percent of the
15 [~~principal plus accrued interest~~] loan shall be forgiven;

16 (2) loan terms of two years shall require one
17 year of practice in a designated health professional shortage
18 area for each year of the loan. Upon completion of the first
19 year of service, fifty percent of the [~~principal plus accrued~~
20 ~~interest~~] loan shall be forgiven. Upon completion of the
21 second year of service, the remainder of the [~~principal plus~~
22 ~~accrued interest~~] loan shall be forgiven; and

23 (3) for loan terms of three years or more,
24 forty percent of the [~~principal plus accrued interest~~] loan
25 shall be forgiven upon completion of the first year of service

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1 in a designated health professional shortage area, thirty
2 percent of the [~~principal plus accrued interest~~] loan shall be
3 forgiven upon completion of the second year of service and the
4 remainder of the [~~principal plus accrued interest~~] loan shall
5 be forgiven upon completion of the third year of service.

6 F. Recipients shall serve a complete year in order
7 to receive credit for that year. The minimum credit for a year
8 shall be established by the commission.

9 G. If a loan recipient completes his professional
10 education and does not serve in a health professional shortage
11 area, the commission shall assess a penalty of up to two times
12 the principal due, plus seven percent interest, unless the
13 commission finds acceptable extenuating circumstances for why
14 the student cannot serve. If the commission does not find
15 acceptable extenuating circumstances for the student's failure
16 to carry out his declared intent to serve in a health
17 professional shortage area in the state, the commission shall
18 require immediate repayment of the unpaid principal amount of
19 the loan plus accrued interest owed the state plus the amount
20 of any penalty assessed pursuant to this section. The contract
21 shall further provide that upon failure to provide service,
22 interest shall be accrued from the date of the loan
23 disbursement and shall be capitalized.

24 [~~G.~~] H. The commission shall adopt regulations to
25 implement the provisions of this section. The regulations may

. 144581. 1

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1 provide for the repayment of nursing student loans in annual or
2 other periodic installments. "

3 Section 22. Section 21-22B-8 NMSA 1978 (being Laws 1987,
4 Chapter 299, Section 8, as amended) is amended to read:

5 "21-22B-8. FUND CREATED--METHOD OF PAYMENT.--

6 A. There is created in the state treasury the
7 "nursing student [~~loan for~~] service program fund". All money
8 appropriated for loans to nursing students under the Nursing
9 Student [~~Loan for~~] Service Program Act shall be credited to the
10 fund and all payments of principal and interest on loans made
11 pursuant to that act received by the commission shall be
12 deposited with the state treasurer for credit to the fund or
13 shall be deposited with the commission's administrative agent.
14 All payments for loans shall be made upon vouchers signed by
15 the designated representatives of the commission.

16 B. The nursing student service program fund is a
17 new name for the nursing student loan for service fund and is
18 not a new fund created by this 2003 act. The purposes and
19 balances of the nursing student loan for service fund as they
20 existed before July 1, 2003 remain the purposes and balances of
21 the nursing student service program fund. "

22 Section 23. Section 21-22C-1 NMSA 1978 (being Laws 1994,
23 Chapter 57, Section 3) is amended to read:

24 "21-22C-1. SHORT TITLE.-- [~~Sections 3 through 12 of this~~
25 ~~act~~] Chapter 21, Article 22C NMSA 1978 may be cited as the

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1 "Allied Health Student [~~Loan-for~~] Service Program Act". "

2 Section 24. Section 21-22C-2 NMSA 1978 (being Laws 1994,
3 Chapter 57, Section 4, as amended) is amended to read:

4 "21-22C-2. PURPOSE. --The purpose of the Allied Health
5 Student [~~Loan-for~~] Service Program Act is to meet the emergency
6 currently existing resulting from the shortage of allied health
7 professionals in underserved areas of the state by increasing
8 the number of practitioners in rural areas through a program of
9 loans for allied health students. Each applicant shall declare
10 his intent to practice his allied health profession within one
11 of the areas of the state designated as an underserved area by
12 the health profession advisory committee. "

13 Section 25. Section 21-22C-3 NMSA 1978 (being Laws 1994,
14 Chapter 57, Section 5, as amended) is amended to read:

15 "21-22C-3. DEFINITIONS. --As used in the Allied Health
16 Student [~~Loan-for~~] Service Program Act:

17 A. "allied health profession" means physical
18 therapy, occupational therapy, speech-language pathology,
19 audiology, pharmacy, nutrition, respiratory care, laboratory
20 technology, radiologic technology, mental health services,
21 emergency medical services or a licensed or certified health
22 profession as defined by the commission;

23 B. "commission" means the commission on higher
24 education;

25 C. "loan" means a grant of money to defray the

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1 costs incidental to an allied health profession education,
2 under a contract between the commission and an allied health
3 profession student, requiring repayment with services or
4 repayment of principal and interest; and

5 D. "student" means a resident of New Mexico who is
6 enrolled in an accredited program for one of the allied health
7 professions. "

8 Section 26. Section 21-22C-4 NMSA 1978 (being Laws 1994,
9 Chapter 57, Section 6) is amended to read:

10 "21-22C-4. ALLIED HEALTH LOANS--QUALIFICATIONS. --

11 A. The commission may grant a loan to a student it
12 deems qualified to receive the loan upon terms and conditions
13 it determines pursuant to the provisions of the Allied Health
14 Student [~~Loan for~~] Service Program Act and regulations adopted
15 pursuant to that act.

16 B. The commission shall only receive, pass on and
17 allow or disallow an application for a loan made by a student
18 enrolled or accepted in an allied health profession program who
19 is a bona fide citizen and resident of the United States and of
20 New Mexico and who declares his intent to practice an allied
21 health profession within a designated area of the state.

22 C. The commission shall make a full and careful
23 investigation of the ability, character and qualifications of
24 each applicant and determine fitness to become a recipient of a
25 student loan. The investigation of each applicant shall

. 144581. 1

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1 include an investigation of the ability of the applicant and
2 the applicant's parent or guardian to pay the applicant's
3 expenses for an allied health profession education. The
4 commission shall give preference to qualified applicants who
5 are unable, or whose parents or guardians are unable, to pay
6 the educational expenses.

7 D. The commission shall arrange for loan recipients
8 to receive assistance in locating appropriate practice
9 positions in designated underserved areas. "

10 Section 27. Section 21-22C-5 NMSA 1978 (being Laws 1994,
11 Chapter 57, Section 7) is amended to read:

12 "21-22C-5. DELEGATION OF DUTIES.--The commission may
13 arrange with other agencies for the performance of services
14 required by the provisions of the Allied Health Student [~~Loan~~
15 ~~for~~] Service Program Act. "

16 Section 28. Section 21-22C-6 NMSA 1978 (being Laws 1994,
17 Chapter 57, Section 8, as amended) is amended to read:

18 "21-22C-6. ALLIED HEALTH STUDENT LOANS-- CONTRACT
19 TERMS-- REPAYMENT. --

20 A. Prior to receiving a loan, each applicant
21 approved for a loan shall file with the commission a
22 declaration of intent to practice as a licensed allied health
23 professional in areas of New Mexico designated as underserved.

24 B. The loans shall not exceed the necessary
25 expenses incurred while attending an allied health profession

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1 program and shall bear interest at the rate of

2 ~~[(1) eighteen percent per year if the student~~
3 ~~completes his allied health profession education and no portion~~
4 ~~of the principal and interest is forgiven pursuant to~~
5 ~~Subsection E of this section; and~~

6 ~~(2)] seven percent per year [in all other~~
7 ~~eases].~~

8 C. The loan shall be evidenced by a contract
9 between the student and the commission acting on behalf of the
10 state. The contract shall provide for the payment by the state
11 of a stated sum covering the costs of an allied health
12 profession education and shall be conditioned on the repayment
13 of the loan to the state, together with interest, over a period
14 negotiated between the student and the commission after
15 completion of an allied health profession education. ~~[The~~
16 ~~contract shall further provide that immediately upon completion~~
17 ~~or termination of the student's allied health profession~~
18 ~~education, all interest then accrued shall be capitalized.]~~

19 D. Loans made to students who fail to complete
20 their allied health profession education shall become due,
21 together with interest, immediately upon termination of that
22 education. The commission, in consultation with the student,
23 shall establish repayment terms, alternate service or
24 cancellation terms. The contract shall further provide that
25 immediately upon termination of the loan recipient's education,

. 144581. 1

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1 the loan shall bear interest at a rate of seven percent per
2 year and shall be capitalized.

3 E. The contract shall provide that the commission
4 shall forgive a portion of the loan [~~principal and interest~~]
5 for each year that a loan recipient practices an allied health
6 profession in areas approved by the health profession advisory
7 committee. [~~Loan principal and interest~~] Loans shall be
8 forgiven as follows:

9 (1) loan terms of one year shall require one
10 year of practice in a designated health professional shortage
11 area. Upon completion of service, one hundred percent of the
12 [~~principal plus accrued interest~~] loan shall be forgiven;

13 (2) loan terms of two years shall require one
14 year of practice in a designated health professional shortage
15 area for each year of the loan. Upon completion of the first
16 year of service, fifty percent of the [~~principal plus accrued~~
17 ~~interest~~] loan shall be forgiven. Upon completion of the
18 second year of service, the remainder of the [~~principal plus~~
19 ~~accrued interest~~] loan shall be forgiven; and

20 (3) for loan terms of three years or more,
21 forty percent of the [~~principal plus accrued interest~~] loan
22 shall be forgiven upon completion of the first year of service,
23 thirty percent of the [~~principal plus accrued interest~~] loan
24 shall be forgiven upon completion of the second year of service
25 and the remainder of the [~~principal plus accrued interest~~] loan

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1 shall be forgiven upon completion of the third year of service.

2 F. Recipients shall serve a complete year in order
3 to receive credit for that year. The minimum credit for a year
4 shall be established by the commission.

5 G. If a loan recipient completes his professional
6 education and does not serve the required number of years in a
7 health professional shortage area, the commission shall assess
8 a penalty of up to [~~three~~] two times the principal due, plus
9 [~~eighteen~~] seven percent interest, unless the commission finds
10 acceptable extenuating circumstances for why the student cannot
11 serve. If the commission does not find acceptable extenuating
12 circumstances for the student's failure to carry out his
13 declared intent to serve in a health professional shortage area
14 in the state, the commission shall require immediate repayment
15 of the unpaid principal amount of the loan plus accrued
16 interest owed the state plus the amount of any penalty assessed
17 pursuant to this subsection. The contract shall further
18 provide that upon failure to provide service, interest shall be
19 accrued from the date of the loan disbursement and shall be
20 capitalized.

21 H. The commission shall adopt regulations to
22 implement the provisions of this section. The regulations may
23 provide for the repayment of allied health student loans in
24 annual or other periodic installments."

25 Section 29. Section 21-22C-8 NMSA 1978 (being Laws 1994,
. 144581. 1

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1 Chapter 57, Section 10) is amended to read:

2 "21-22C-8. FUND CREATED--METHOD OF PAYMENT.--

3 A. The "allied health student [~~loan for service~~]
4 assistance program fund" is created in the state treasury. All
5 money appropriated for loans to allied health students pursuant
6 to the provisions of the Allied Health Student [~~Loan for~~
7 Service Program Act shall be credited to the fund and all
8 payments of principal and interest on loans made pursuant to
9 that act received by the commission shall be credited to the
10 fund or shall be deposited with the commission's administrative
11 agent. All payments for loans shall be made upon vouchers
12 signed by the designated representative of the commission.

13 B. The allied health student assistance program
14 fund is a new name for the allied health student loan for
15 service fund and is not a new fund created by this 2003 act.
16 The purposes and balances of the allied health student loan for
17 service fund as they existed before July 1, 2003 remain the
18 purposes and balances of the allied health student assistance
19 program fund. "

20 Section 30. Section 21-22E-1 NMSA 1978 (being Laws 2001,
21 Chapter 288, Section 1) is amended to read:

22 "21-22E-1. SHORT TITLE.-- [~~This act~~] Chapter 21, Article
23 22E NMSA 1978 may be cited as the "Teacher [~~Loan for~~] Service
24 Program Act". "

25 Section 31. Section 21-22E-2 NMSA 1978 (being Laws 2001,

. 144581. 1

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1 Chapter 288, Section 2) is amended to read:

2 "21-22E-2. PURPOSE. --The purpose of the Teacher [~~Loan~~
3 ~~for~~] Service Program Act is to proactively address New Mexico's
4 looming teacher shortage by providing students with the
5 financial means to complete or enhance their post-secondary
6 teacher preparation education. "

7 Section 32. Section 21-22E-3 NMSA 1978 (being Laws 2001,
8 Chapter 288, Section 3) is amended to read:

9 "21-22E-3. DEFINITIONS. --As used in the Teacher [~~Loan~~
10 ~~for~~] Service Program Act:

11 A. "commission" means the commission on higher
12 education;

13 B. "loan" means a payment of money under contract
14 between the commission and a student that defrays the costs
15 incidental to a teacher preparation program offered in a
16 regionally accredited post-secondary educational institution in
17 New Mexico and that requires repayment in services;

18 C. "student" means a United States citizen who is
19 enrolled in or accepted by an undergraduate or graduate teacher
20 preparation program at a regionally accredited post-secondary
21 educational institution in New Mexico; and

22 D. "teacher preparation program" means [~~one~~] a
23 program that has been formally approved as meeting the
24 requirements of the [~~New Mexico~~] state board of education and
25 that leads to initial licensure or to additional licensure

underscored material = new
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1 endorsements. "

2 Section 33. Section 21-22E-5 NMSA 1978 (being Laws 2001,
3 Chapter 288, Section 5) is amended to read:

4 "21-22E-5. DELEGATION OF DUTIES TO OTHER STATE
5 AGENCIES. --The commission may arrange with other agencies for
6 the performance of services required by the provisions of
7 Section [~~4 of the Teacher Loan for Service Act~~] 21-22E-4 NMSA
8 1978. "

9 Section 34. Section 21-22E-6 NMSA 1978 (being Laws 2001,
10 Chapter 288, Section 6) is amended to read:

11 "21-22E-6. TEACHER LOANS-- CONTRACT TERMS-- REPAYMENT. --

12 A. Each applicant who is approved for a loan by the
13 commission may be granted a loan in such amounts and for such
14 periods as the commission determines. The loan shall not
15 exceed the necessary expenses incurred while attending a
16 teacher preparation program.

17 B. A loan shall bear interest at the rate of
18 [~~(1) eighteen percent per year if the loan~~
19 ~~recipient completes his teacher preparation program and no~~
20 ~~portion of the principal and interest is forgiven pursuant to~~
21 ~~Subsection E of this section; or~~

22 (2)] seven percent per year [~~in all other~~
23 ~~eases~~].

24 C. The loan shall be evidenced by a contract
25 between the loan recipient and the commission acting on behalf

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1 of the state. The contract shall provide for the payment by
2 the state of a stated sum covering the costs of a teacher
3 preparation program and shall be conditioned on the repayment
4 of the loan to the state, together with interest, over a period
5 established by the commission after the completion of the
6 teacher preparation program and any postgraduate study or
7 internship required to complete the loan recipient's education.
8 ~~[The contract shall further provide that immediately upon~~
9 ~~completion or termination of the loan recipient's education,~~
10 ~~all interest then accrued shall be capitalized.]~~

11 D. A loan made to a recipient who fails to complete
12 his teacher preparation program shall become due, together with
13 interest, immediately upon termination of his teacher
14 preparation program. The commission, in consultation with the
15 loan recipient, shall establish terms of repayment, alternate
16 service or cancellation terms. The contract shall further
17 provide that immediately upon termination of the loan
18 recipient's education, the loan shall bear interest at a rate
19 of seven percent per year and shall be capitalized.

20 E. The contract shall provide that the commission
21 shall forgive a portion of the loan ~~[principal and interest]~~
22 for each year that the loan recipient practices his profession
23 as a licensed teacher in New Mexico. ~~[Loan principal and~~
24 ~~interest]~~ Loans shall be forgiven as follows:

25 (1) loan terms of one year shall require one

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[bracketed material] = delete

1 year of practice. Upon completion of service, one hundred
2 percent of the [~~principal plus accrued interest~~] loan shall be
3 forgiven;

4 (2) loan terms of two years shall require one
5 year of practice for each year of the loan. Upon completion of
6 the first year of service, fifty percent of the [~~principal plus~~
7 ~~accrued interest~~] loan shall be forgiven. Upon completion of
8 the second year of service, the remainder of the [~~principal~~
9 ~~plus accrued interest~~] loan shall be forgiven; and

10 (3) for loan terms of three years or more,
11 forty percent of the [~~principal plus accrued interest~~] loan
12 shall be forgiven upon completion of the first year of service,
13 thirty percent of the [~~principal plus accrued interest~~] loan
14 shall be forgiven upon completion of the second year of service
15 and the remainder of the [~~principal plus accrued interest~~] loan
16 shall be forgiven upon completion of the third year of service.

17 F. A loan recipient shall serve a complete contract
18 year in order to receive credit for that year. The minimum
19 credit for a year shall be established by the commission.

20 G. If a loan recipient completes his teacher
21 preparation program and does not serve in a New Mexico public
22 school, the commission shall assess a penalty of up to [~~three~~]
23 two times the principal due, plus [~~eighteen~~] seven percent
24 interest, unless the commission finds acceptable extenuating
25 circumstances that prevent the loan recipient from serving. If

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1 the commission does not find acceptable extenuating
2 circumstances for the loan recipient's failure to carry out his
3 declared intent to serve, the commission shall require
4 immediate repayment of the unpaid principal amount of the loan
5 plus accrued interest owed the state plus the amount of any
6 penalty assessed pursuant to this section. The contract shall
7 further provide that upon failure to provide service, interest
8 shall be accrued from the date of the loan disbursement and
9 shall be capitalized.

10 H. The commission shall adopt and promulgate rules
11 to implement the provisions of this section. The rules may
12 provide for the repayment of loans in annual or other periodic
13 installments. "

14 Section 35. Section 21-22E-8 NMSA 1978 (being Laws 2001,
15 Chapter 288, Section 8) is amended to read:

16 "21-22E-8. FUND CREATED--METHOD OF PAYMENT.--

17 A. The "teacher [~~loan for service~~] assistance
18 program fund" is created in the state treasury. Money
19 appropriated for loans pursuant to the Teacher [~~loan for~~]
20 Service Program Act; earnings from investment of the fund;
21 gifts, grants and donations to the fund; and all payments of
22 principal and interest on loans made pursuant to that act shall
23 be deposited in the fund. Money in the fund shall not revert
24 at the end of a fiscal year. The fund shall be administered by
25 the commission. All payments of money for loans shall be made

. 144581. 1

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1 on warrants drawn by the secretary of finance and
2 administration pursuant to vouchers signed by the commission's
3 designated representative.

4 B. The teacher assistance program fund is a new
5 name for the teacher loan for service fund and is not a new
6 fund created by this 2003 act. The purposes and balances of
7 the teacher loan for service fund as they existed before July
8 1, 2003 remain the purposes and balances of the teacher
9 assistance program fund."

10 Section 36. Section 21-22E-10 NMSA 1978 (being Laws 2001,
11 Chapter 288, Section 10) is amended to read:

12 "21-22E-10. REPORTS. -- The commission shall report
13 annually by January 1 to the governor and the legislature on
14 its activities pursuant to the Teacher [~~Loan for~~] Service
15 Program Act, including the loans granted, the names and
16 addresses of loan recipients, the teacher preparation programs
17 loan recipients are attending and the names and locations of
18 practice of loan recipients who have completed their teacher
19 preparation education and are teaching."

20 Section 37. Section 21-29-3 NMSA 1978 (being Laws 1997,
21 Chapter 126, Section 3) is amended to read:

22 "21-29-3. STUDENT EXCHANGE PROGRAM - TERMS OF STUDENT
23 LOANS - - PAYBACK REQUIREMENTS. - -

24 A. Financial assistance by the state for the
25 student exchange program of the western interstate commission

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1 on higher education shall be through a loan program established
2 pursuant to this section.

3 B. A student may receive a loan of tuition
4 assistance on the following terms:

5 (1) the loan shall not exceed an amount
6 equivalent to the negotiated support fee for the graduate or
7 professional program; and

8 (2) the loan shall bear interest at the rate
9 of

10 [~~(a) eighteen percent per year if the~~
11 ~~student completes his education and no portion of the principal~~
12 ~~and interest is forgiven pursuant to Subsection E of this~~
13 ~~section; and~~

14 ~~(b)] seven percent per year [in all other~~
15 ~~eases].~~

16 C. The loan shall be evidenced by a contract
17 between the student and the commission acting on behalf of the
18 state. The contract shall provide for the payment by the state
19 of a stated sum covering the cost of tuition assistance and
20 shall be conditioned on the repayment of the loan to the state,
21 together with interest, over a period established by the
22 commission. [~~The contract shall provide further that~~
23 ~~immediately upon completion or termination of the student's~~
24 ~~education, all interest then accrued shall be capitalized.]~~

25 D. Loans made to a student who fails to complete

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1 his education shall become due, together with interest,
2 immediately upon termination of his education. The commission
3 shall establish terms of repayment, alternate service or
4 cancellation terms. The loan contract shall provide that,
5 immediately upon termination of the student's education, the
6 loan shall bear interest at a rate of seven percent per year
7 and shall be capitalized.

8 E. The contract shall provide that the commission
9 shall forgive a portion of the loan [~~principal and interest~~]
10 for each year that a loan recipient practices his profession in
11 New Mexico. [~~Loan principal and interest~~] Loans shall be
12 forgiven as follows:

13 (1) loan terms of one year shall require one
14 year of practice for each year of the loan. Upon completion of
15 service, one hundred percent of the [~~principal plus accrued~~
16 ~~interest~~] loan shall be forgiven;

17 (2) loan terms of two years shall require one
18 year of practice for each year of the loan. Upon completion of
19 the first year of service, fifty percent of the [~~principal plus~~
20 ~~accrued interest~~] loan shall be forgiven; upon completion of
21 the second year of service, the remainder of the [~~principal~~
22 ~~plus accrued interest~~] loan shall be forgiven;

23 (3) for loan terms of three years or more,
24 forty percent of the [~~principal plus accrued interest~~] loan
25 shall be forgiven upon completion of the first year of service,

. 144581. 1

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1 thirty percent of the [~~principal plus accrued interest~~] loan
2 shall be forgiven upon completion of the second year of service
3 and the remainder of the [~~principal plus accrued interest~~] loan
4 shall be forgiven upon completion of the third year of service;
5 and

6 (4) the commission may establish other
7 forgiveness terms for professionals providing service in
8 serious shortage areas.

9 F. Loan recipients shall serve a complete year in
10 order to receive credit for that year. The minimum credit for
11 a year shall be established by the commission.

12 G. If a student completes his professional
13 education and does not return to New Mexico to practice his
14 profession, the commission shall assess a penalty of up to
15 [~~three~~] two times the principal due, plus [~~eighteen~~] seven
16 percent interest, unless the commission finds acceptable
17 extenuating circumstances for why the student cannot serve. If
18 the commission does not find acceptable extenuating
19 circumstances for the student's failure to carry out his
20 declared intent to practice his profession in New Mexico, the
21 commission shall require immediate repayment of the unpaid
22 principal amount of the loan plus accrued interest owed the
23 state plus the amount of any penalty assessed pursuant to this
24 subsection. The loan contract shall provide that, upon failure
25 to provide service, interest shall accrue from the date of the

1 loan disbursement and shall be capitalized.

2 H. The commission may provide by regulation for the
3 repayment of student exchange program loans in annual or other
4 periodic installments. "

5 Section 38. EFFECTIVE DATE. --The effective date of the
6 provisions of this act is July 1, 2003.

7 - 40 -

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